

Message Text

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TAGS: ELAB, UK

SUBJECT: THE RAILWAY SETTLEMENT, THE SOCIAL CONTRACT
AND A NEW POLICY ON INFLATION

REF: LONDON 9272

SUMMARY: THE NEW PAY SETTLEMENT FOR BRITAIN'S RAILWAY-
MEN, CONCLUDED JUNE 20, HAS BROUGHT TO AN END THE MAJOR
PART OF THE AUTUMN ROUND OF PAY NEGOTIATIONS. ONLY A
FEW PAY CLAIMS, SUCH AS THOSE FOR LOCAL GOVERNMENT
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WHITE-COLLAR STAFF, STEEL INDUSTRY WORKERS, IMPERIAL

CHEMICAL INDUSTRIES (ICI) MANUAL WORKERS AND SEAMEN, ARE NOW OUTSTANDING. SOME OBSERVERS BELIEVE THAT THE NEW RAIL SETTLEMENT, GIVING INCREASES OF ALMOST 30 PERCENT IN LINE WITH OTHER RECENT PUBLIC SECTOR PAY DEALS, WAS A FOREGONE CONCLUSION, PUTTING THE "LAST NAIL IN THE COFFIN OF THE SOCIAL CONTRACT" AS ONE JOURNALIST TERMED IT. OTHERS, INCLUDING BRITISH RAIL (BR) CHAIRMAN RICHARD MARSH, BELIEVE THAT IT WILL HAVE A DAMAGING EFFECT ON THE ALREADY SHAKY STRUCTURE OF THE RAILWAY INDUSTRY. ON THE OTHER HAND, BY AVERTING THE THREAT OF A NATIONAL RAIL STRIKE, THE NEW SETTLEMENT HAS HELPED CLEAR THE WAY FOR THE GOVERNMENT, TUC AND CONFEDERATION OF BRITISH INDUSTRY (CBI) TO FOCUS THEIR ATTENTION ON TRYING TO REACH AGREEMENT ON AN URGENTLY NEEDED POLICY TO CONTROL INFLATION. END SUMMARY.

1. AGREEMENT ON THE NEW PAY DEAL FOR RAILWAYMEN WAS REACHED JUNE 20 WHEN THE EXECUTIVE OF THE NATIONAL UNION OF RAILWAYMEN (NUR) UNANIMOUSLY ACCEPTED A NEW OFFER FROM THE BR BOARD WORTH ABOUT 29.8 PERCENT ON THE ANNUAL PAY BILL, COMPARED WITH THE 27.5 PERCENT OFFERED BY THE RAILWAY STAFF NATIONAL TRIBUNAL WHICH THE NUR, ALONE OF THE THREE RAIL UNIONS, HAD REJECTED. THE NEW DEAL MEETS IN FULL THE MAIN DEMAND OF THE NUR FOR A NEW MINIMUM RATE FOR THE LOWEST GIVING INCREASES SIMILAR TO THOSE RECENTLY AWARDED TO SURFACE MINERS. THE MAIN FEATURES OF THE AGREEMENT ARE THAT ALL RAILWAYMEN, FROM ALL THREE UNIONS, WILL RECEIVE THE TRIBUNAL AWARD OF 27.5 PERCENT ON BASIC RATES FROM APRIL 28 PLUS A FURTHER 2.5 PERCENT FROM AUGUST 4 WHEN A FLAT-RATE ALLOWANCE RANGING BETWEEN 5 PENCE AND L.30 POUNDS WILL ALSO BE PAID TO LOW-PAID WORKERS. OVERALL THE DEAL WILL ADD SOME 86.8 MILLION POUNDS TO THE INDUSTRY'S ANNUAL WAGE BILL.

3. THE EXECUTIVE OF THE NUR REGARD THE NEW DEAL AS BEING "WITHIN THE SPIRIT" OF THE SOCIAL CONTRACT. SIDNEY WEIGHILL, NUR GENERAL SECRETARY, MAINTAINS THAT THE NUR HAD ONLY SOUGHT SOCIAL JUSTICE FOR THE RAILWAYMEN. ON THE OTHER HAND, RICHARD MARSH, BR CHAIRMAN, HAS POINTED

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OUT THAT THE NEW DEAL COULD PUT SOME JOBS AND BR SERVICES IN JEOPARDY, A VIEW WHICH HAS BEEN VOICED ALSO BY GOVERNMENT MINISTERS. BRITISH RAIL FACES A CURRENT DEFICIT ESTIMATED AT AROUND 5L MILLION POUNDS AND SUBSTANTIAL INCREASES IN FARES "TO THE LIMIT THE MARKET CAN PRESENTLY TAKE" WERE PLANNED FOR LATER THIS YEAR BEFORE THE NEW DEAL WAS REACHED. IN THESE CIRCUMSTANCES MARSH HAS WARNED THE UNIONS THAT "ALL WAYS OF

REDUCING EXPENDITURE WILL BE EXPLORED, INVOLVING CLOSE
MONITORING OF RECRUITMENT."

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